

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
General Comments:	2
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Register	2
Reserve for Encumbrances and Accounts Payable	3
Classification of General and Administrative Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
No Child Left Behind (N.C.L.B.)	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	4
School Purchasing Programs:	4
Contracts and Agreements Requiring Advertisement for Bids	4-5
School Food Service	5-6
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	7
Travel Expense and Reimbursement Policy	7
Management Suggestion	7
Other Miscellaneous	7
Status of Prior Year's Findings/Recommendations	8
Schedule of Meal Count Activity (Not Applicable)	9
Schedule of Net Cash Resources (Not Applicable)	10
Schedule of Audited Enrollments	11-15
Excess Surplus Calculation	16-17
Summary of Recommendations	18



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

November 19, 2015

The Honorable President and Members
of the Board of Education
Pequannock Township School District
County of Morris, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Pequannock Township School District in the County of Morris for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 19, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 19, 2015, on the financial statements of the Board.

We will review the status of our comments, if any, during our next audit engagement. We have already discussed any comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations, if any.

This report is intended for the information of the Pequannock Township School District's Board of Education, management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Raymond G. Karaty	Treasurer	\$ 275,000
Barbara A. Decker	School Business Administrator/Board Secretary	275,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Register

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and were certified by the Board President, the School Business Administrator, and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

The required certification (E-CERT 1) of compliance with all documentation prepared for income tax related purposes of administrators (superintendent, assistant superintendent and business administrator) complying with the requirements of federal and state laws and regulations, was completed and submitted to the NJ Department of Treasury by the due date of March 15.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of General and Administrative Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2015. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2010, the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$36,000 (with a Qualified Purchasing Agent) and \$17,500 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$36,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2015
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test basis. Food Service accounting records maintained by the District's central administration office were reconciled with the records maintained by the food service contractor.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Cash receipts and bank records were reviewed for timely deposit.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Net cash resources did not exceed three months' average expenditures.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

School Food Service (Cont'd)

The District deposited and expended program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1.

The Food Service Management Company ("FMSC") contract includes an operating results provision which guarantees that the food service program will break even, and the operating results provision has been met. The District has a Type 2 SOC1 Report (Service Organizations Controls Report) of the FSMC on file.

Time sheets and payroll records provided to the District from the Food Service contractor were reviewed on a test basis.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the CAFR.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified on a test basis with two minor errors. The results of our procedures are presented in the Schedule of Audited Enrollments.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with one minor offsetting exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording of the revenue and awarding of contracts for eligible facilities construction. Based on these procedures, we have no comments except as noted herein.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Management Suggestion

School Development Authority (SDA) Reimbursement Requests

Various projects were completed during the fiscal year and reimbursement requests had not yet been filed. We suggest that SDA Grant reimbursement requests are submitted for reimbursement.

Other Miscellaneous

Single Audit

Effective for the fiscal year ended June 30, 2016, there will be significant changes to the Single Audit. These changes include the following:

- An increase in the single audit threshold
- Low risk auditee criteria
- Type A and B threshold
- Coverage requirements for major programs tested for both low risk and non-low risk auditees.

Additionally, the cost principles and administrative requirements such as A-87 have been consolidated under the *OMB Uniform Guidance: Cost Principles, Audit and Administrative Requirements for Federal Awards*. This guidance was effective December 26, 2014 for all new federal awards and for any additional funding for existing awards made after December 26, 2014.

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board (“GASB”) statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Status of Prior Year's Findings/Recommendations

Recommendations from the prior year pertaining to Application for State School Aid and Facilities and Capital Assets were corrected in the current year.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(MEMORANDUM ONLY)

NOT APPLICABLE

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(MEMORANDUM ONLY)

NOT APPLICABLE

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	2		2				2		2			
Half Day Preschool 4 Years Old	8		8				8		8			
Full Day Preschool 3 Years Old	1		1				1		1			
Full Day Preschool 4 Years Old	2		2				2		2			
Full Day Kindegarten	147		147				147		147			
Grade One	133		133				133		133			
Grade Two	143		143				143		143			
Grade Three	128		128				128		128			
Grade Four	125		125				125		125			
Grade Five	157		157				157		157			
Grade Six	156		156				156		156			
Grade Seven	154		154				154		154			
Grade Eight	171		171				171		171			
Grade Nine	138		138				138		138			
Grade Ten	161		159		2		159		159			
Grade Eleven	165	4	165	4			165	4	165	4		
Grade Twelve	166	1	166	1			166	1	166	1		
Subtotal	1,957	5	1,955	5	2		1,955	5	1,955	5		
Special Ed - Elementary	83		83				8		8			
Special Ed - Middle School	80		80				8		8			
Special Ed - High School	93	14	93	14			9		9			
Subtotal	256	14	256	14			25		25			
Totals	2,213	19	2,211	19	2	-0-	1,980	5	1,980	5	-0-	-0-
Percentage Error					0.09%	0.00%					0.00%	0.00%

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2014

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindegarten					6	6				
Grade One					4	4		1	1	
Grade Two					2	2				
Grade Three					6	6				
Grade Four					7	7		1	1	
Grade Five					2	2				
Grade Six					9	9		1	1	
Grade Seven					6	6				
Grade Eight					9	9		2	2	
Grade Nine					9	9				
Grade Ten					9	9		2	2	
Grade Eleven					6	6				
Grade Twelve					8	8		1	1	
Subtotal					83	83		8	8	
Special Ed - Elementary	3	1	1		7	7		1	1	
Special Ed - Middle School	4	1	1		10	10		2	2	
Special Ed - High School	15	5	5		7	7		1	1	
Subtotal	22	7	7		24	24		4	4	
Totals	22	7	7	-0-	107	107	-0-	12	12	-0-
Percentage Error				0.00%			0.00%			0.00%

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindegarten	1	1				
Grade One	1	1		1	1	
Grade Six	1	1		1	1	
Grade Seven	1	1				
Subtotal	<u>4</u>	<u>4</u>		<u>2</u>	<u>2</u>	
Totals	<u>4</u>	<u>4</u>	<u>-0-</u>	<u>2</u>	<u>2</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2014

Resident LEP Not Low Income					
Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	3	3	1	1	
Grade One	1	1			
Grade Two	2	2	1	1	
Grade Three	3	3	1	1	
Grade Five	2	2			
Grade Nine	1	1	1	1	
Grade Eleven	1	1			
Subtotal	<u>13</u>	<u>13</u>	<u>4</u>	<u>4</u>	
Totals	<u>13</u>	<u>13</u>	<u>-0-</u>	<u>4</u>	<u>4</u>
Percentage Error			<u>0.00%</u>		<u>0.00%</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2014

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	70	70		7	6	1
Regular - Special Education	1	2	(1)	1	2	(1)
Transported - Non Public	62	62		6	6	
AIL - Non Public	70	70		7	7	
Special Needs - Public	23	22	1	4	4	
Special Needs - Private	26	26		5	5	
Totals	<u>252</u>	<u>252</u>	<u>-0-</u>	<u>30</u>	<u>30</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>
				<u>Reported</u>	<u>Re- calculated</u>	
Average Mileage - Regular Including Grade PK Students				8.2	8.2	
Average Mileage - Regular Excluding Grade PK Students				8.2	8.2	
Average Mileage - Special Education with Special Needs				13.1	13.1	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015

EXCESS SURPLUS CALCULATION

Section 1 - REGULAR DISTRICT

2014-2015 Total General Fund Expenditures per the CAFR	<u>\$ 37,980,771</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 1,115,577</u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 3,377,589</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)
Adjusted 2014-2015 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 35,718,759</u> (B3)
2% of Adjusted 2014-2015 General Fund Expenditures [(B5) times .02]	<u>\$ 714,375</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 714,375</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 35,012</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 749,387</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2015 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 6,563,707</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 386,763</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,500,000</u> (C3)
Other Restricted Fund Balances	<u>\$ 2,653,234</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 24,323</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,999,387</u> (U1)

Section 3

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ 1,250,000</u> (E)
--	-------------------------

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,500,000 (C3)
Restricted Excess Surplus [(E)]	<u>\$ 1,250,000 (E)</u>
 Total [(C3)+(E)+(F)]	 <u><u>\$ 2,750,000 (D)</u></u>

Detail of Allowable Adjustments

Impact Aid	\$ -0- (H)
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 20,716 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 14,296 (J2)</u>
 Total Adjustments [(H)+(I)+(J1)+(J2)]	 <u><u>\$ 35,012 (K)</u></u>

Detail of Other Restricted Fund Balance

Statutory Restrictions	\$ -0-
Approved Unspent Separate Proposal	<u>\$ -0-</u>
Capital Outlay for a District with a Capital Outlay SGLA	<u>\$ -0-</u>
Sale/Lease-Back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 2,590,389</u>
Emergency Reserve	<u>\$ -0-</u>
Maintenance Reserve	<u>\$ -0-</u>
Tuition Reserve	<u>\$ -0-</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Other Restricted Fund Balance not Noted Above	<u>\$ 62,845</u>
 Total Other Restricted Fund Balance	 <u><u>\$ 2,653,234</u></u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2015

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Findings/Recommendations

Recommendations 1 and 2 from the prior year were corrected in the current year.